

## Message Text

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PAGE 01 SOFIA 00018 01 OF 02 061613Z

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ACTION SS-25

INFO OCT-01 ISO-00 /026 W

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R 061410Z JAN 74

FM AMEMBASSY SOFIA

TO SECSTATE WASHDC 9052

INFO AMEMBASSY BELGRADE

AMEMBASSY BUCHAREST

AMEMBASSY BUDAPEST

AMEMBASSY MOSCOW

AMEMBASSY PRAGUE

AMEMBASSY WARSAW

S E C R E T SECTION 1 OF 2 SOFIA 0018

EXDIS

E.O. 11652: GDS

TAGS: PFOR, EGEN, EEWT, SCUL, TGEN, BU, UR

SUBJECT: BULGARIA -- NEXT STEPS

REF: SOFIA 2312

1. SUMMARY. WHILE RECOGNIZING THAT POLAND, ROMANIA AND YUGOSLAVIA ARE IN A SEPARATE CATEGORY, THE QUESTION IS RAISED WHETHER RANK-ORDERING THE REMAINING EE COUNTRIES IS IN OUR INTEREST. A CASE IS ALSO MADE FOR "DECOUPLING" OTHER PENDING TRANSACTIONS FROM MFN AND MOVING AHEAD WITH SOME OF THEM REGARDLESS OF WHAT WE DO ON MFN. DETENTE, OUR ECONOMIC SELF-INTEREST, AND THE ACTIONS OF OUR ALLIES ARE SHOWN TO CALL FOR A TESTING OF OUR OPPORTUNITIES IN BULGARIA WHERE THE "SCOPE" DEFINED IN THE EUROPARA HAS NOT BEEN FULLY UTILIZED. PRIORITY SHOULD BE GIVEN TO AGREEMENTS ON CULTURAL AND/OR AGRICULTURAL COOPERATION, AND SOME HIGH-LEVEL VISITS CAN PAY ECONOMIC DIVIDENDS. WE SHOULD INITIATE MFN NEGOTIATIONS WITH BULGARIA TOGETHER WITH THE OTHERS THOUGH OF COURSE AFTER ROMANIA. END SUMMARY.

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PAGE 02 SOFIA 00018 01 OF 02 061613Z

2. SITUATION. THE ENVIRONMENT OF OUR RELATIONS WITH

BULGARIA, AND OUR OPPORTUNITIES HERE ESPECIALLY IN THE ECONOMIC FIELD, HAVE IMPROVED CONSIDERABLY DURING THE LAST YEAR AND A HALF. THIS IMPROVEMENT IS SOMETHING WE SOUGHT, THOUGH NOT VERY ASSIDUOUSLY. IT ALSO IS SOMETHING THE BULGARIANS WANT AND WHICH THE USSR HAS ENCOURAGED. THERE THUS NOW EXISTS A CERTAIN AMOUNT OF COMMON GROUND FOR FURTHER IMPROVEMENT IN AREAS OF INTEREST TO US. THE GOB HAS TAKEN MOST OF THE STEPS SO FAR IN THE RAPPROCHEMENT. THE US, HOWEVER, HAS ISSUED ITSELF A SELF-DENYING ORDINANCE WHICH MADE A NUMBER OF PENDING TRANSACTIONS WITH BULGARIA AND CERTAIN OTHER EE COUNTRIES CONTINGENT ON WHEN WE EMBARK ON NEGOTIATIONS WITH THEM ON MFN. NOW THAT THE TRADE BILL HAS PASSED, IT SEEMS APPROPRIATE TO TAKE A HARD LOOK AT OUR RELATIONS WITH BULGARIA TO SEE HOW THEY FIT WITH THE STATE OF OUR RELATIONS WITH THE USSR AND WITH OTHER EE COUNTRIES. (THE PRIORITY OF OUR RELATIONS IN EE WITH POLAND, ROMANIA AND YUGOSLAVIA IS OF COURSE NOT QUESTIONED.)

3. QUESTIONS AT ISSUE. THERE ARE TWO SEPARABLE POLICY QUESTIONS ADDRESSED IN THIS MESSAGE: (A) WHETHER US INTERESTS ARE BEST SERVED BY MAINTAINING A SEQUENCE OF MFN NEGOTIATIONS AFTER THE USSR AND ROMANIA ARE TAKEN CARE OF; AND (B) WHETHER WE SHOULD NOW "DECOUPLE" OTHER STEPS FROM MFN AND PROCEED MORE PRAGMATICALLY WITH RESPECT TO BULGARIA (AND PERHAPS ALSO OTHER LESS-FAVORED EE COUNTRIES) IN THE LIGHT OF OPPORTUNITIES TO FURTHER OUR INTERESTS.

4. US OBJECTIVES. NOT SIGNIFICANTLY DIFFERENT FROM THOSE IN OTHER EE COUNTRIES, BUT (A) MORE DIFFICULT TO ATTAIN BECAUSE BULGARIA HAS A HISTORY OF AFFINITY AND GRATITUDE TOWARD RUSSIA; AND (B) TEMPERED BY REALIZATION THAT TO EXCITE USSR FEARS ABOUT THE SOLIDITY OF ITS RELATIONS WITH BULGARIA COULD WORK AGAINST OUR INTERESTS IN ROMANIA AND YUGOSLAVIA. IN CONJUNCTION WITH OUR WESTERN ALLIES WE CAN, HOWEVER, EXERT A CERTAIN GRAVITATIONAL PULL AND CATER TO BULGARIA'S BASIC NATIONALISM WHICH THE GOB SEES AS COMPATIBLE WITH "EVER CLOSER" RELATIONS WITH THE USSR. BULGARIA'S CLOSENESS TO THE  
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PAGE 03 SOFIA 00018 01 OF 02 061613Z

USSR IS THUS NOT AN ISSUE: THE EUROPARA/BULGARIA EVEN STATES THAT "TACIT ACCEPTANCE OF THE SPECIAL RELATIONSHIP BETWEEN BULGARIA AND THE SOVIET UNION FACILITATES OUR TIES WITH THE GOB AND GIVES US SOMEWHAT GREATER SCOPE THAN WE WOULD OTHERWISE HAVE FOR DEVELOPING ECONOMIC, CULTURAL AND OTHER TIES WITH THAT COUNTRY". WE HAVE NOT SO FAR UTILIZED THAT SCOPE.

5. EFFECTS OF DETENTE. IT IS TRUE, OF COURSE, THAT BULGARIAN FOREIGN POLICY CONTINUES TO DISPLAY A CERTAIN PAVLOVIAN QUALITY IN RESPONDING TO SOVIET LEADERSHIP, WHICH IS NOT UNIQUE AMONG EE COUNTRIES. SEEN FROM SOFIA, HOWEVER, IT WOULD APPEAR THAT OUR RELATIONS WITH BULGARIA CAN NOW PROFIT FROM DETENTE IN THE SAME WAY AS THE RELATIONS OF OUR ALLIES HAVE BEEN PROFITING FROM IT; AND THIS MEANS IN THE FIRST INSTANCE BY MAKING USE OF OUR ECONOMIC OPPORTUNITIES WHICH ARE QUITE RESPECTABLE, FOR BULGARIA ENJOYS ADVANTAGES DUE TO ITS SPECIAL RELATIONSHIP WITH THE USSR, E.G. HAS HIGH CREDIT RATING IN THE WEST. DUE TO THE DETENTE THERE ARE ALSO OPPORTUNITIES FOR SOME ACTIVATION OF CULTURAL RELATIONS WHICH ARE SOMNOLENT AT PRESENT. ONLY WHEN WE HAVE GONE AS FAR AS IT IS NOW POSSIBLE IN THOSE DIRECTIONS WILL IT BECOME APPARENT WHETHER THERE ARE ALSO OPPORTUNITIES TO DEVELOP RELATIONS MEANINGFULLY IN THE POLITICAL AREA. WE STILL NEED TO TEST THE LEEWAY THAT MAY HAVE BEEN CREATED FOR US IN BULGARIA BY DETENTE.

6. GETTING OUT OF THE DOGHOUSE. FOR YEARS BULGARIA HAS FOR GOOD REASONS BEEN IN THE US DOGHOUSE, AND EVEN TODAY OUR RELATIONS ARE ON A LOWER PLANE THAN THOSE WITH OTHER EE COUNTRIES WITH THE EXCEPTION OF ALBANIA. IN THE LAST YEAR AND A HALF, HOWEVER, THE GOB HAS MOVED TO ELIMINATE OR ATTENUATE VIRTUALLY THE ENTIRE RANGE OF ISSUES WITH US: IT HAS (A) CONCLUDED A CONSULAR AGREEMENT; (B) ISSUED MULTIPLE ENTRY VISAS TO OUR STAFF; (C) TONED DOWN ITS PROPAGANDA; (D) STOPPED JAMMING THE VOA; (E) DECLARED WILLINGNESS TO BE MORE LIBERAL IN DIVIDED FAMILY CASES; (F) ROLLED OUT THE RED CARPET FOR SECRETARY DENT AND A CONGRESSIONAL DELEGATION; (G) INCREASED ITS PURCHASES IN THE US;

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PAGE 04 SOFIA 00018 01 OF 02 061613Z

(H) SUBMITTED A NUMBER OF DRAFT AGREEMENTS LOOKING FOR IMPROVED TRADE AND OTHER EXCHANGES; AND (I) INITIATED TALKS TO SETTLE US BONDHOLDERS CLAIMS. EXCEPT FOR THE POPOV VISIT, WHICH WAS AGREED IN PRINCIPLE IN 1972 BEFORE ANY OF THESE MOVES HAD BEEN TAKEN, THE ATTEMPTED BULGARIAN "OPENING TO THE US" HAS SO FAR GONE LARGELY UNREQUITED.

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PAGE 01 SOFIA 00018 02 OF 02 061611Z

46

ACTION SS-25

INFO OCT-01 ISO-00 /026 W

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R 061410Z JAN 74

FM AMEMBASSY SOFIA

TO SECSTATE WASHDC 9053

INFO AMEMBASSY BELGRADE

AMEMBASSY BUCHAREST

AMEMBASSY BUDAPEST

AMEMBASSY MOSCOW

AMEMBASSY PRAGUE

AMEMBASSY WARSAW

S E C R E T SECTION 2 OF 2 SOFIA 0018

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7. "PUTTING DISTANCE" BETWEEN EE COUNTRIES. WE ARE IN NO POSITION TO JUDGE HERE WHETHER BRAKING THE DEVELOPMENT OF RELATIONS WITH OTHER EE COUNTRIES HAS ACTUALLY HAD THE EFFECT OF IMPROVING RELATIVELY OUR IMAGE WITH ROMANIA, YUGOSLAVIA AND POLAND. THAT THERE WILL CONTINUE TO BE PLENY OF "DAYLIGHT" BETWEEN BULGARIA AND SUCH MORE FRIENDLY EE COUNTRIES IS UNDERSTOOD HERE (THIS THOUGHT HAS BEEN ALREADY AND MUCH BETTER EXPRESSED IN PRAGUE 2271). IF WE TRIED BY FURTHER DELAYING NORMALIZATION TO CONVEY A LESSON TO THE BULGARIANS IT WOULD BE LOST UPON THEM BECAUSE THERE WOULD BE NO PLAUSIBLE RATIONALE. ALSO OUR ALLIES HAVE LONG SINCE BEEN DOING ALL THOSE THINGS THAT WE HAVE SO FAR REFRAINED FROM DOING -- THEY HAVE CONCLUDED LONG-TERM AGREEMENTS ON COOPERATION IN A VARIETY OF FIELDS, ARE EXCHANGING HIGH-LEVEL VISITS REGULARLY, AND ARE THUS AGGRESSIVELY EXPANDING THEIR ECONOMIC RELATIONS.

8. DECOUPLING. NOW THAT THE TRADE BILL HAS PASSED AND WE ARE GIVING PRIORITY TO USSR AND ROMANIA, I CAN SEE NO DISADVANTAGES AND ONLY ADVANTAGES IN BREAKING THE LINK BETWEEN MFN NEGOTIATIONS AND NEGOTIATIONS ON SECRET

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PAGE 02 SOFIA 00018 02 OF 02 061611Z

OTHER MATTERS WITH BULGARIA. WE SHOULD NOW SELECT THE BULGARIAN DRAFT AGREEMENT WHICH IS MOST ADVANTAGEOUS

TO US AND RESPOND TO THE GOB REGARDLESS OF WHAT WE DO ON MFN OR IN OUR RELATIONS WITH OTHER EE COUNTRIES. AMONG THE FIVE GOB DRAFT AGREEMENTS THERE ARE THREE THAT MERIT PRIORITY CONSIDERATION: CULTURAL COOPERATION; AGRICULTURAL COOPERATION; AND TECHNICAL AND SCIENTIFIC COOPERATION. BECAUSE A MODEST AMERICAN CULTURAL PRESENCE IN BULGARIA WOULD FURTHER OUR INTEREST IN REACHING THE INTELLIGENTSIA, I RECOMMEND WE PLACE PRIORITY ON THAT AREA WHICH PROBABLY WILL MEAN CULTURAL/SCIENTIFIC/TECHNICAL COOPERATION AGREEMENT. AN AGREEMENT ON AGRICULTURAL COOPERATION WOULD ALSO BE DESIRABLE BECAUSE BULGARIA, WHICH HAS A HIGHLY DEVELOPED AGRICULTURE, COULD MAKE AN INTERESTING PARTNER AND IT WOULD HELP TO PROMOTE AMERICAN FOOD INDUSTRY AND RELATED EXPORTS.

9. MFN. THERE IS NO REASON TO GIVE BULGARIA PRIORITY OVER HUNGARY (OR CZECHOSLOVAKIA, IF THE GRAVEL AMENDMENT CAN BE OVERCOME THERE), BUT NEITHER IS THERE ANY GOOD REASON VISIBLE TO US WHY NEGOTIATIONS SHOULD NOT BE AT LEAST INITIATED WITH BULGARIA ALONG WITH OTHERS AFTER THE USSR AND ROMANIA ARE TAKEN CARE OF. WE ASSUME IT IS POSSIBLE TO INITIATE SEVERAL NEGOTIATIONS SIMULTANEOUSLY EVEN IF WE HAVE PRIVATE IDEAS ON WHICH ONES WE WILL CONCLUDE FIRST. WHILE THERE ARE SOUND ECONOMIC REASONS TO DEVELOP OUR TRADE WITH BULGARIA, THERE IS ALSO A POSSIBILITY THAT WE MIGHT INCREASE OUR ECONOMIC OPTIONS WITH RESPECT TO THE USSR IF WE MAKE BULGARIA ELIGIBLE FOR SOME OF THE LARGER DEALS THAT KAISER FOR INSTANCE IS DISCUSSING AND WHICH HAVE IMPLICATIONS ALSO FOR THE USSR ECONOMY.

10. VISITS. THE BULGARIANS ARE, OF COURSE, CAMPAIGNING FOR A VISIT BY SECRETARY KISSINGER, WHICH I DO NOT RECOMMEND. WHILE SUCH A VISIT MIGHT HAVE OTHER BENEFITS, IT WOULD NOT INVOLVE A MEANINGFUL POLITICAL DIALOGUE AT THIS TIME. THE REAL QUESTION IS NOT WHETHER THE SECRETARY WILL COME TO SOFIA IN 1975 BUT WHETHER WE WILL CONTINUE THE HIGH-LEVEL EXCHANGES SO  
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PAGE 03 SOFIA 00018 02 OF 02 061611Z

AUSPICIOUSLY INITIATED BY SECRETARY DENT AND VICE CHAIRMAN POPOV. OUR PREFERRED CANDIDATE FOR A VISIT IS SECRETARY BUTZ WHO RECEIVED AN INVITATION FROM POPOV AND WOULD FIND A VISIT TO BULGARIA INTERESTING AND PROFITABLE. IF NO CABINET MEMBER CAN COME, THEN WE SHOULD START LOOKING FOR OPPORTUNITY TO WORK SOFIA INTO TRAVEL SCHEDULE OF A SENIOR POLICY OFFICIAL OF THE DEPARTMENT OF STATE. IN TERMS OF HIGH-LEVEL VISITS TO BULGARIA, WHICH ARE CONDUCIVE TO TRADE, WE ARE MILES

BEHIND ALL OTHER MAJOR TRADING COUNTRIES.

11. AMONG OTHER "NEXT STEPS" MENTION SHOULD ALSO BE MADE OF THE BULGARIAN PROPOSAL TO OPEN TRADE OFFICES IN CHICAGO AND SAN FRANCISCO, WHICH SEEMS ALSO TO BE IN OUR INTEREST. ANOTHER AREA IN WHICH PROGRESS COULD BE MADE IS TRAVEL RESTRICTIONS, BUT WE HAVE IMPRESSION GOB WILL RAISE THIS AND IT IS BETTER FOR US TO RESPOND TO THEIR SUGGESTION THAN TO MAKE SUCH MUTUAL STEPS APPEAR TO BE A CONCESSION TO US. ACTION ON TRADE OFFICES AND TRAVEL RESTRICTIONS SHOULD BE POSSIBLE REGARDLESS WHETHER RECOMMENDATIONS ON NEGOTIATION OF AGREEMENTS ("DECOUPLING" AND MFN) AND ON HIGH-LEVEL VISITS ARE ACCEPTED.

12. CONCLUSION. RECOGNIZING FULLY THAT US RELATIONS WITH BULGARIA ARE NOT VERY IMPORTANT TO US, THE TIME IS RIGHT TO MOVE IN EARLY 1975 WITH REGARD TO (A) A CULTURAL (OR CULTURAL/SCIENTIFIC/TECHNICAL) AGREEMENT WITH BULGARIA, AND/OR AN AGRICULTURAL COOPERATION AGREEMENT; (B) A FOLLOW-UP CABINET-LEVEL VISIT TO THE SUCCESSFUL DENT AND POPOV VISITS OF LAST YEAR; AND (C) CERTAIN MINOR MATTERS -- ALL IRRESPECTIVE OF WHAT WE DO ON MFN. FOLLOWING NEGOTIATIONS WITH THE USSR AND ROMANIA, THERE SEEMS NO REASON TO FORM A QUEUE OF THE REMAINING EE COUNTRIES IN COMMENCING MFN NEGOTIATIONS; WE SHOULD ALLOW THE NEGOTIATIONS THEMSELVES TO DETERMINE THE TIME WHEN AGREEMENTS WILL BE CONCLUDED. HERZ

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